(18)

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ACTION AF-18

INFO OCT-01 EUR-20 NEA-13 SS-20 NSC-10 L-03 CIAE-00 INR-07
NSAE-00 RSC-01 E-15 COM-08 INT-06 H-02 PRS-01 P-03
USIA-12 TRSY-11 RSR-01 /152 W
024205

R 301408Z JAN 70
FM AMEMBASSY TRIPOLI
TO SECSTATE WASHDC 5859
INFO AMEMBASSY ALGIERS
AMEMBASSY BEIRUT
AMEMBASSY BENGHAZI
AMCONGEN DHAHRAN
AMEMBASSY JIDDA
AMEMBASSY KUWAIT
AMEMBASSY LONDON
AMEMBASSY TEHRAN

DEPARTMENT OF STATE A/CDC/MR
REVIEWED BY CJ DATE 8/7/81
RDS ☐ or XDS ☐ EXT. DATE
TS AUTH. REAS(S)
ENDORSE EXISTING MARKINGS ☐
DECLASSIFIED ☑ RELEASABLE ☑
RELEASE DENIED ☐
PA or FOI EXEMPTIONS

Tripoli Tel. 212 1/30/70

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(1) SUBJ: POSTED PRICE NEGOTIATIONS

REF : TRIPOLI 148

1. SECOND GENERAL MEETING OF OIL COMPANY REPS WITH LARG OFFICIAL OPENED JAN 29 WITH SHORT PREPARED STATEMENT DELIVERED BY RCC CHAIRMAN AND PRIMIN QADHAAFI. RCC MEMBER AND DEPUTY PRIMIN JALUUD, MINISTER PETROLEUM AND MINERALS MABRUUK AND U/S QABLAAWI ALSO ATTENDED. MEETING POSTPONED FROM JAN 26 TO PERMIT LATTER TWO TO RETURN FROM KUWAIT OAPEC MEETING.

2. AFTER COMPLIMENTING COMPANIES ON EFFICIENCY AND NOTING ATMOSPHERE OF GOOD WILL, QADHAAFI LISTED LIBYAN GRIEVANCES AS: LOW POSTED PRICES, SLIGHTS TO LIBYAN WORKERS WHO ARE OWNERS OF NATIONAL RESOURCES, MINIMUM EMPLOYMENT OF LIBYANS IN OIL INDUSTRY, LIMITED TRAINING OFFERED LIBYANS, AND (CURIOUSLY) WASTE OF MATERIALS BY COMPANIES AT PARTIAL

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EXPENSE OF LIBYAN GOVERNMENT. QADHAAFI ADVISED COMPANIES TO HEED THESE GRIEVANCES AND FOLLOWED WITH VEILED THREAT THAT LIBYAN PEOPLE COULD SURVIVE WITHOUT BENEFITS OF OIL FOR SCORES OF YEARS TO COME, AS THEY HAD FOR 5,000 YEARS IN PAST. QADHAAFI CLOSED STATEMENT ON POSITIVE NOTE, EXPRESSING HOPE EACH RPT EACH SIDE WOULD UNDERSTAND OTHER'S POINT OF VIEW AND PURSUE ITS INTEREST WHILE RESPECTING INTERESTS OF OTHER. QADHAAFI AND PARTY LEFT UPON CONCLUDING STATEMENT, AS DID PRESS AND TV WHICH COVERED HIS APPEARANCE.

3. MEETING CONTINUED BY UMAR MUNTASIR, CHAIRMAN OF MINISTRY'S PRICE COMMITTEE, WHO READ STATEMENT REVIEWING RECENT HISTORY OF POSTED PRICES AND OUTLINING GENERAL TERMS OF MINISTRY'S CASE FOR PRICE INCREASE AS FOLLOWS:
A) POSTED PRICES DETERMINED BY CRUDE CHARACTERISTICS AND TRANSPORT DIFFERENTIALS;
B) LIBYAN POSTING SHOULD REFLECT MINIMUM DIFFERENTIAL OF 2 CENT PER GRAVITY DEGREE THROUGH ENTIRE GRAVITY RANGE;
C) AFTER ADJUSTMENT FOR GRAVITY, LIBYAN POSTINGS SHOULD REFLECT LOWER TRANSPORT COST TO EUROPE COMPARED WITH PRESIAN GULF BASE POINT;
D) POSTINGS SHOULD COMPENSATE LIBYA FOR ADVANTAGES OF LOW SULFUR CRUDE TO REFINERS, WHO PROLONG LIFE OF THEIR EQUIPMENT AND DO NOT NEED TO INVEST IN DESULFURIZATION, AND TO CONSUMERS, WHO ARE ABLE TO BREATHE CLEAN AIR.

4. BILATERAL NEGOTIATIONS WITH COMPANIES TO BEGIN FEB 5. ESSO AND OTHER LOW-POUR, HIGH GRAVITY PRODUCERS TO BE CALLED FIRST.

5. COMMENT: QADHAAFI'S PRESENCE AND BRIEF SPEECH HAVE UNDERSCORED IMPORTANCE LARG ATTACHES TO CURRENT NEGOTIATIONS, AND POINT TO GROWING LARG CONCERN OVER PACE OF LIBYANIZATION. EMBASSY, AND THOSE US MAJORS WITH WHICH WE HAVE TALKED, CONSIDER SPEECH MILD IN TONE AND MINISTRY'S PRESENTATION A SERIOUS EFFORT AT REASONED ARGUMENT. COMPANIES, WE BELIEVE ARE REALIZING THAT, IF THERE ARE TO BE NEGOTIATIONS RATHER THAN STATEMENTS OF CONFLICTING POINTS OF VIEW, THESE MUST TAKE PLACE WITHIN FRAME OF REFERENCE DEFINED BY MINISTRY.

6. WE ALSO NOTE ALGERIAN OIL DELEGATION VISITED HERE

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JAN 24-26, HEADED BY NURI AL-DIIN AYAT HUSAIN, TECHNICAL ADVISER TO MINISTER OF ENERGY AND INDUSTRY, TO CONSULT ON PRICE POLICY. STATEMENT ISSUED UPON DEPARTURE ANNOUNCED IDENTITY OF VIEWSAND PLEDGED MUTUAL SUPPORT ON PRICE ISSUE. THIS, PLUS OAPEC STATEMENT OF SUPPORT (KUWAIT 79), SEEMS TO COMPLET GROUNDWORK FOR SESSIONS BEGINNING NEXT WEEK.
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